

GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Handloom Industry - Margin Money assistance under National Co-operative Development Corporation (NCDC) scheme - Sanction and release an amount of Rs. 35.00 crores, comprising Rs.28.00 crores as loan and Rs.7.00 crores as subsidy towards Margin Money assistance to APCO - Orders - Issued.

INDUSTRIES AND COMMERCE (TEX) DEPARTMENT

G.O.Rt.No.748

Dated 03-10-2008.

Read the following:-

1. From the VC&MD., APCO, Hyderabad Lr.Ref. No. Accts./ Margin Money Loan / CO/07, dt. 4-12-2007.
2. From the VC&MD., APCO, Hyderabad Lr.Ref. No. APCO/ NCDC loan / 2007-08, dt. 9-1-2008.
3. Government Lr.No.18709/Tex.2/2007-1, dated 25-1-2008
4. Government Lr.No.18709/Tex.2/2007-1, dated 07-3-2008
5. From the Director (T-Textiles), NCDC:4-2/2006-Text(HLM)(224)(RO70423), dt. 12.3.2008.
6. From the Asst. Director (Loans) Lr.No. NCDC: A & C /1(Rel)/AP /2006-07, dated 12-3-2008.
7. From the Director of Handlooms and Textiles and Development Commissioner for Apparel Export Parks, Andhra Pradesh, Hyderabad, Lr.Rc.No.16588/2007-A, dt.2.5.2008
8. From the Vice-Chairman and Managing Director, APCO Lr.Ref. No. APCO / Accts. Sec/ Margin Money Loan / CO/08, dt. 15-7-2008.
9. G.O.Rt.No.3773, Finance (Exp.I&C) Department, dt.17-9-2008.

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O R D E R:-

In the reference 1st read above, the Vice-Chairman and Managing Director, APCO has requested the Government for extending the Government Guarantee to NCDC for sanction of Margin Money assistance. Government after careful consideration, has forwarded the loan application of the Vice-Chairman and Managing Director, APCO, Hyderabad and has recommended to the National Co-operative Development Corporation, New Delhi for consideration and sanction of Margin Money loan of Rs.50.00 crores to meet the working capital requirements, Rs. 12.64 crores towards construction / renovation of APCO offices and showrooms / godowns and Rs.3.07 crores towards Modernization and computerization of APCO showrooms during the current financial year 2007-08.

2. The Director (T-Textile), NCDC, New Delhi in the reference 5th read above has informed that the NCDC conveyed sanction of an assistance of Rs.35.00 crores comprising Rs.28.00 crores as loan and Rs.7.00 crores as subsidy to the Government of Andhra Pradesh, towards Margin Money assistance to APCO. The State Government shall provide NCDC assistance to the society in the form of share capital and subsidy or loan and subsidy. The terms of assistance provided by the State Government to the society should not be in any way less favourable to that provided by the National Co-operative Development Corporation. The assistance will be released by Corporation to the State Government on reimbursement basis i.e., the State Government will first release the amount sanctioned to the society and thereafter claim reimbursement from the Corporation.

3. The assistance of Rs. 35.00 crores sanctioned is subject to conditions that the society.

- (i) shall furnish to the Corporation such returns, statements of accounts and other information, as may be prescribed or called for by the Corporation from time to time;
- (ii) shall allow and afford facilities to the officers of the Corporation or any other person or persons nominated by it in this behalf to verify and inspect its books of accounts and other records; and

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(iii) shall make arrangements to the satisfaction of the Corporation for the appointment of suitable administrative and technical/ senior personnel for the business of the society.

4. The period of loan to State Government will be for 5 years. There shall be no moratorium on repayment of loan and payment of interest. The repayment of loan instalment along with interest will commence from the 1st anniversary of the deemed date of drawal of loan.

5. The loan shall carry rate of interest prevailing at the time of actual release of funds which will be a floating rate linked with State Bank Advance Rate. Existing effective rate of interest is 10.25% p.a.(linked with present State Bank Advance Rate of 12.75%). Effective rate of interest shall be applicable in case payment of instalment is made on or before due date. In case payment of instalment is not made on or before due date, normal rate of interest, which is 1% higher than the effective rate shall be applicable. Further, in case of default in payment of instalment, penal interest @ 2.5% over and above the normal rate of interest shall be charged on the defaulted instalment for the period of delay. The other terms and conditions of the Corporation shall be according to NCDC letter No. NCDC:1-1/84-Budt. dated 15.10.1984 and No. NCDC:1-1/1990-Budt. dated 19.11.2007 and as amended from time to time.

6. The Corporation reserves the right to foreclose and recover the loan assistance from the State Government if:-

- (i) It is not utilized for the purpose for which it has been sanctioned;
- (ii) the society fails to furnish the returns, statement of accounts and other information as may be prescribed or called for by the Corporation from time to time; and
- (iii) if any of the other conditions are not fulfilled.

7. The National Co-operative Development Corporation, New delhi has informed that sanction is valid up to 31-3-2009 by which date the State Government shall provide full assistance to the Society and claim reimbursement from the NCDC.

8. In the reference 6th read above, the National Co-operative Development Corporation has issued a Account Payee cheque bearing No.089544, dated 12.3.2008 for an amount of Rs. 35.00 cores drawn on Punjab National Bank, New Delhi in favour of Secretary to Government, Industries and Commerce Department, Andhra Pradesh, Secretariat, Hyderabad towards release of the loan / subsidy and the same was credited to the Government Account at SBH Gunfoundry, Hyderabad on 26.3.2008 vide challan Nos.108026 & 108027.

9. In the reference 7th read above, the Director of Handlooms and Textiles and Development Commissioner for Apparel Export Parks, Andhra Pradesh, Hyderabad., has requested the Govt. for sanction and release an amount of Rs. 35.00 cores which was sanctioned by NCDC, comprising Rs.28.00 cores as loan and Rs.7.00 cores as subsidy towards Margin Money assistance to APCO for procurement of yarn and supply to the Primary Weavers Co-operative Societies and identified weavers in outside co-operative fold duly indicating the Head of Account along with the terms and conditions as stipulated by the NCDC, New Delhi.

10. In the circumstances reported by the National Co-operative Development Corporation, New Delhi and the Director of Handlooms and Textiles and Development Commissioner for Apparel Export Parks, Andhra Pradesh, Hyderabad, the Government after careful examination of the matter, hereby accord sanction and release for an amount of Rs.35.00 crores (Rupees thirty five crores only) comprising Rs.28.00 crores as loan and Rs.7.00 crores as subsidy towards Margin Money assistance to APCO under NCDC scheme for procurement of yarn and supply to the Primary Weavers Co-operative Societies and identified weavers in outside co-operative fold, subject to condition that the APCO has to pay Guarantee Commission. The repayment of loan is to be paid by the APCO and any default will be viewed seriously.

11. The expenditure sanctioned above shall be subject to the conditions stipulated by the NCDC, New Delhi mentioned at paras 2 - 7 above.

12. The expenditure of loan amount of Rs.28.00 crores shall be debited to the following Head of Account:-

M.H.6851 - Loans for Village and Small Industries.
103 - Handloom Industries
G.H. 10 - Centrally Sponsored Scheme
SH (19) - Loan assistance for APCO towards Margin Money assistance
Under NCDC
001 - Loans for Margin Money assistance for APCO.

13. The expenditure of subsidy amount of Rs. 7.00 cores shall be debited to the following Head of Account:-

2851- Village & Small Industries.
103 - Handloom Industries
SH (55) - Margin Money assistance to APCO under NCDC Scheme
310 - Grants-in-aid
312 - Other Grants-in-aid.

and shall be incurred in relaxation of treasury control and quarterly regulation orders pending provision of funds in supplementary estimates at appropriate time in current financial year 2008-09.

14. The 2% Guarantee Commission of Rs.56.00 lakhs from subsidy amount should be credited to M.H. 0075 - Miscellaneous General Services - 108 - Guarantee fees - SH (01) - Commission for Guarantee given by Government before releasing the subsidy amount.

15. The Deputy Secretary to Government Finance (DMC) Department is authorized to draw the amount sanctioned at para 10 above by way of cheque in favour of Director of Handlooms and Textiles and Development Commissioner for Apparel Export Parks, Andhra Pradesh, Hyderabad who will disburse the same to the APCO by way of cheque under the scheme and as and when necessity arises for the purpose for which the amount is sanctioned to APCO. The Director of Handlooms and Textiles and Development Commissioner for Apparel Export Parks, Andhra Pradesh, Hyderabad shall furnish the Utilization Certificates within one month from the date of drawal of the amount to the Office of the Managing Director, NCDC, (T-Textile) New Delhi.

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16. The Director of Handlooms and Textiles and Development Commissioner for Apparel Export Parks, Andhra Pradesh, Hyderabad is requested to collect the loan instalment amount sanctioned to APCO as per schedule furnished by the National Co-operative Development Corporation from APCO and also to deduct any payment to be made to APCO in different schemes etc. and remit the same to Government Account every year strictly without fail. The amount sanctioned above is repayable in 5 equal annual instalments with interest. He is also requested to send supplementary estimates for the amount sanctioned, at appropriate time during current financial year 2008-09.

17. The Vice-Chairman and Managing Director, APCO is requested to furnish the copies of return statement of accounts sent to National Co-operative Development Corporation and also to the Director of Handlooms and Textiles and Development Commissioner for Apparel Export Parks, Andhra Pradesh, Hyderabad for monitoring the utilization of funds and for watching recovery schedules, since National Co-operative Development Corporation has sanctioned and released the loan to Government of Andhra Pradesh as advance towards Margin Money assistance to APCO., and National Co-operative Development Corporation (NCDC) loan is being serviced by State Government.

18. This order issues with the concurrence of Finance (Exp.I&C) Department, vide their U.O.No.24913/ 470 /Expr.I&C/08, dated 17-9-2008 and vide Budget Release Order G.O.Rt.No. 3773, Finance (Exp.I&C) Department, dt.17-9-2008.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

Y.SRILAKSHMI,
SECRETARY TO GOVERNMENT.

To
The Director of Handlooms and Textiles and Development
Commissioner for Apparel Export Parks, Andhra Pradesh, Hyderabad
The Vice-Chairman and Managing Director,
Andhra Pradesh State Handloom Weavers' Co-operative Society Ltd.,
(APCO), Hyderabad.
The Accountant General Andhra Pradesh, Hyderabad.
The Pay and Accounts Officer, Hyderabad
The Director of Treasuries of Accounts, Andhra Pradesh, Hyderabad.
The Managing Director,
National Co-operative Development Corporation (NCDC),
4, Siri Institutional Area, Hauz Khas, New Delhi.
The Deputy Secretary to Government,
Finance (DMC) Department
The Chairman, APCO, Hyderabad
Copy to:
The Chief Director,
National Co-operative Development Corporation,
2nd Floor, HACA Bhavan, Opp. Public Gardens, Hyderabad.
The Finance (Exp.I&C)/ (BG) Department
The Additional .Secretary to Chief Minister.
The P.S. to Minister for Handlooms and Textiles.
The P.S to Minister for Finance.
The P.S. to Secretary to Government,
Industries and Commerce Department.
Industries and Commerce (L&B) Department.
Stock File/Spare Copies.

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SECTION OFFICER.